

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Application of Southern California Gas Company (U904G) and San Diego Gas & Electric Company (U902G) for Authority to Revise their Natural Gas Rates Effective January 1, 2017 in this Triennial Cost Allocation Proceeding Phase 2.

Application 15-07-014  
(Filed July 8, 2015)

**REPLY COMMENTS OF THE OFFICE OF RATEPAYER ADVOCATES  
ON PROPOSED DECISION ADOPTING GAS DEMAND FORECASTS,  
COST ALLOCATIONS, AND RATE DESIGNS FOR  
SOUTHERN CALIFORNIA GAS COMPANY AND  
SAN DIEGO GAS & ELECTRIC COMPANY**

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## **I. INTRODUCTION**

Pursuant to Rule 14.3(d) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, the Office of Ratepayer Advocates (ORA) hereby submits these reply comments on the Proposed Decision Adopting Gas Demand Forecasts, Cost Allocations, and Rate Designs for Southern California Gas Company and San Diego Gas & Electric Company (PD). ORA files these reply comments in response to the opening comments of Southern California Gas Company and San Diego Gas & Electric Company (SoCalGas/SDG&E or Applicants).

## **II. SUMMARY**

ORA respectfully requests that the Commission adopt the PD as currently written which supports implementing a \$3/month minimum bill requirement for SDG&E's residential gas customers and a \$1.50/month minimum bill for SDG&E's residential CARE gas customers,<sup>1</sup> and declines to adopt a \$10/month fixed customer charge for both SoCalGas and SDG&E's residential gas customers.<sup>2</sup> The PD finds that, "The precedent established by D.15-07-001 regarding minimum bills for residential electric customers is applicable to ORA's proposed minimum bill of \$3/month for SDG&E's residential gas customers."<sup>3</sup> Not only are the ordering paragraph and conclusions of law properly grounded in precedent and the record, but there is also no basis in the record to adopt Applicants' new proposal in its Opening Comments for a \$5.00 per month fixed customer charge for SDG&E's gas service (\$4.00 per month for CARE customers).

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<sup>1</sup> See PROPOSED DECISION OF ALJ KENNEY, DECISION ADOPTING GAS DEMAND FORECASTS, COST ALLOCATIONS, AND RATE DESIGNS FOR SOUTHERN CALIFORNIA GAS COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY (PD), mimeo, p. 66, Ordering Paragraph 3.

<sup>2</sup> PD, mimeo, p. 64, Conclusion of Law 5.

<sup>3</sup> PD, mimeo, p. 65, Conclusion of Law 7.

### **III. DISCUSSION**

#### **A. The Applicants' Newly Proposed \$5/Monthly Fixed Customer Charge is Not Supported by the Record in this Proceeding**

Commission Rule of Practice and Procedure (Rule) 14.3(c) states that “Comments shall focus on factual, legal or technical errors in the proposed or alternative decision and in citing such errors shall make specific references to the record or applicable law. Comments which fail to do so will be accorded no weight.”

In opening comments to the PD, the Applicants for the first time urge the Commission to modify the PD to adopt a \$5/month fixed customer charge for SDG&E's residential gas customers instead of a \$3 minimum bill.<sup>4</sup> This \$5/month fixed customer charge is a departure from the initial request in the Application for a \$10/month fixed customer charge.<sup>5</sup> The Applicants cite to the PD to claim that ORA estimates that SoCalGas incurs fixed costs to serve residential customers at approximately \$5/month and SDG&E incurs approximately \$6.50 per month.<sup>6</sup> However, neither the Application nor any party proposed a \$5/month fixed customer charge, and such a proposal is not in the record. As such, Applicants have not given the Commission or parties a chance to analyze the impacts of such a charge upon customers.

For example, the record shows that SDG&E's multi-family customers would be disproportionately impacted by the \$10/monthly fixed charge and experience an average monthly bill increase of 21.85% above the status quo,<sup>7</sup> approximately four times higher than the average monthly bill percentage increase of other customers.<sup>8</sup> No one has had a chance to analyze in the record what the average bill increase would be of SDG&E's

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<sup>4</sup> SoCalGas opening comments p 2.

<sup>5</sup> See Triennial Cost Allocation Proceeding Phase 2 Application of Southern California Gas Company and San Diego Gas & Electric Company for Authority to Revise Their Natural Gas Rates Effective January 1, 2017, July 8, 2015, p. 13.

<sup>6</sup> SoCalGas opening comments, p. 4.

<sup>7</sup> Ex. ORA-06, Table 5.

<sup>8</sup> Ex. ORA-06, Table 5.

multi-family customers, or of SDG&E's other residential customer classes, with the newly proposed \$5 per month customer charge.

Furthermore, without a basis in their Application or any other support in the record, Applicants have, for the first time in Opening Comments, proposed a \$4/month customer charge for SDG&E's CARE customers.<sup>2</sup> Such a charge is more than double the monthly amount the PD determines to be a reasonable minimum bill amount for CARE customers.<sup>10</sup>

With the record devoid of any analysis on the impact of this monthly fee amount to SDG&E's residential gas customers and CARE customers, the Commission should accord no weight to Applicants' Opening Comments regarding a new proposal for a fixed customer charge.

#### **B. Fixed Costs and Fixed Charges are Not the Same Thing**

The Applicants justify their new proposal for a \$5/month fixed customer charge by stating that it falls within ORA's estimates of fixed costs for SoCalGas and SDG&E residential gas customers which ORA estimates to be \$5 and \$6.50 for SoCalGas and SDG&E respectively.<sup>11</sup> However, the Applicants' argument in favor of a \$5/monthly fixed customer charge is flawed. The record shows that ORA's analysis stated that "approximately \$6.50 per month in fixed costs are calculated on the basis of the NCO method. . ."<sup>12</sup>

However, ORA did not propose that all fixed costs be recovered through a fixed charge. Rather, ORA explained why a lower minimum bill was warranted and recommended adopting a residential minimum bill for SDG&E in the amount of \$3.00 per month.<sup>13</sup> ORA explicitly stated that, "There are various reasons that support adoption

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<sup>2</sup> SoCalGas opening comments, p. 4, fn. 19.

<sup>10</sup> PD, mimeo, p. 65, Conclusion of Law 8, "It is reasonable and in the public interest to adopt a minimum bill of \$3 per month for SDG&E's residential gas customers and \$1.50 per month for SDG&E's CARE residential gas customers. . ."

<sup>11</sup> SoCalGas opening comments, p. 4.

<sup>12</sup> Ex. ORA-03, p. 64.

<sup>13</sup> Ex. ORA-03, p. 56.

of a minimum bill of \$3 for SDG&E rather than a fixed customer charge of \$6.50 per month.” ORA provided multiple reasons in support of its proposed \$3 minimum bill requirement. First, in D.15-07-001, the Commission rejected the request of investor-owned electric utilities for a fixed monthly charge and directed them instead to implement a minimum bill in 2015.<sup>14</sup> Second and related to the first point, in support of its preference for a minimum bill requirement instead of a residential customer charge, the Commission stated, “[a]s an alternative to the fixed charge, the minimum bill charge is a mechanism that is designed to recover a minimum level of revenue, recognizing that some costs are still incurred to maintain service even in the event that a customer does not use energy.”<sup>15</sup> Third, the Commission also noted that Southern California Edison Company currently has a fixed charge of less than \$1 for residential customers, while SDG&E and Pacific Gas and Electric Company currently do not charge residential customers a fixed monthly charge, but assess a minimum bill instead.<sup>16</sup> Finally, Cal. Pub. Util. Code Section 739.9(h) provides, “The commission may consider whether minimum bills are appropriate as a substitute for any fixed charges.”<sup>17</sup> Consistent with Rule 14.3(c), any implication that ORA has recommended a \$6.50 fixed customer charge is a mischaracterization of the record and should be accorded no weight.

#### **IV. CONCLUSION**

For the foregoing reasons, ORA respectfully requests that the Commission accord no weight to SoCalGas and SDG&E’s new proposal in Opening Comments to adopt a \$5 per month fixed customer charge for SDG&E’s residential customers and a \$4 per month fixed customer charge for low income customers.

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<sup>14</sup> Ex. ORA-03, p. 65, fn 215, citing D.15-07-001, p. 5.

<sup>15</sup> Ex. ORA-03, p. 65, fn 216, citing D.15-07-001, p. 217.

<sup>16</sup> Ex. ORA-03, p. 65, fn 217, citing D.15-07-001, Finding of Fact # 6.

<sup>17</sup> Ex. ORA-03, p. 65, citing Cal. Pub. Util. Code Section 739.9(h) (Effective January 1, 2014).

Respectfully submitted,

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